

AMENDMENTS IN THE SPECIFICATION

Please replace the paragraph [0012] with the following paragraph:

As shown in FIG. 2, step (1) includes transferring a first license 18 from the server 12 to the first client 14. In the preferred embodiment, step (1) includes requesting a license from the server 12, receiving a license request 20 from the first client 14, generating a first license 18 based on an attribute of the first client 14, transferring a first license 18 from the server 12 to the first client 14, receiving the first license 18 from the server 12, and allowing a first set of licensed actions with the electronic file [[10]] 10 based on the first license 18. In alternative embodiments, step (1) may include more, or fewer, suitable actions. Preferably, the rights manager automatically requests a license from the server over the Internet upon the receipt of the electronic file by the first client. Alternatively, a user of the first client may request a license.

Please replace the paragraph [0016] with the following paragraph:

Modifying the first license may also be accomplished in several ways. In a first variation, the server preferably transfers an empty license to the first client that replaces the first license. Upon receipt of an empty license from the server, the rights manager preferably allows the initial set of permissible actions with the electronic file. This initial set of permissible actions, as mentioned above, is preferably more restrictive than the first set of licensed actions. The rights manager preferably allows the initial set of permissible actions with the electronic file regardless of a connection between the first client and the server. In another variation (shown in FIG. 4B), the first license may represent the possible actions for several electronic files. Thus, transferring an empty license that replaces the first license may inadvertently prevent actions with the other electronic files. In this variation, the server 12 preferably transfers a modified license 30 to the first client 14 that replaces the first license 18. Upon receipt of the modified license 30 from the server 12, the rights manager preferably allows a modified set of licensed actions with the electronic file [[10]] 10. This modified set of licensed actions is preferably more restrictive than the first set of licensed actions, but may alternatively be less restrictive (or simply different) than the first set of licensed actions. The rights manager preferably allows the modified set of licensed actions with the electronic file regardless of a connection between the first client and the server.